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United States Senate

COMMITTEE ON
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS

WASHINGTON, DC 20510-6250

RICHARD J. KESSLER, STAFF DIRECTOR
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March 31, 2014

The Honorable Ray Mabus
Secretary of the Navy
Department of Defense
1000 Navy Pentagon
Washington, DC 20350-1000

Dear Mr. Secretary:

On February 4, 2014, the Subcommittee on Financial and Contracting Oversight held a hearing on fraud and abuse in Army recruiting contracts, specifically focusing on the Army's now-terminated Recruiting Assistance Programs. The hearing examined one of the largest cases of fraud in Army history, in which hundreds of Army National Guard recruiters defrauded the United States under a contract that met almost no federal acquisition regulations and in a program that likely was illegal from its beginning.¹

I am concerned that the Subcommittee first learned about this issue from a news report, rather than directly from the Army.² It took nearly two years for the Army to inform the Subcommittee that the problems reported in the media were just the tip of the iceberg.³ The Subcommittee's investigation of Recruiting Assistance Programs has also uncovered evidence of potential waste and abuse in other recruiting and marketing contracts, particularly with respect to sponsorships, recruiting promotional items and conferences.⁴

To ensure the Subcommittee is aware of all significant investigations that fall within its jurisdiction, I am writing to request information regarding current Navy and Marine Corps fraud

¹ Senate Subcommittee on Financial and Contracting Oversight, *Hearing on Fraud and Abuse in Army Recruiting Contracts*, 113th Cong. (Feb. 4, 2014).

² The Washington Post, *Fraud Investigation Targets Recruiting Programs for Army National Guard*, Reserve (March 13, 2012) (online at www.washingtonpost.com).

³ Memorandum from the Secretary of the Army Regarding Review, Investigation and Corrective Action—Active Army and Army Reserve Component Recruiting Assistance Programs (Feb. 9, 2012); Briefing by U.S. Army Criminal Investigative Command to Senate Subcommittee on Financial and Contracting Oversight Staff (Oct. 29, 2013).

⁴ Department of the Army, Office of the Assistant Secretary of the Army, Financial Management and Comptroller, *Recruiting Assistance Initiatives* (Case No. 12-13); Department of the Army, *Report of Proceedings by Investigating Officer/Board of Officers* (AR 15-6 for Recruiting Improprieties) (Jan. 5, 2012).

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investigations. I am also seeking information related to recruiting and marketing contracts similar those used by the Army National Guard. Specifically, I request that you provide the following information and documents:

- (1) A list and brief description of the five largest current Navy and Marine Corps criminal investigations of fraud. This includes "largest" in terms of the number of subjects of the investigation, dollar amount of suspected fraud, and agents staffing the investigation;
- (2) A list and brief description of the five largest criminal investigations that involve a Navy or Marine Corps contractor;
- (3) A briefing by the Naval Criminal Investigative Service and the Marine Corps Criminal Investigation Division regarding items (1) and (2);
- (4) A list and brief description of the five largest current Navy and Marine Corps non-criminal investigations of fraud;
- (5) A list and brief description of the five largest current Navy and Marine Corps non-criminal investigations that involve a Navy or Marine Corps contractor;
- (6) A briefing by the Office of the Naval Inspector General regarding items (4) or (5).
- (7) A list of all sports, teams, events and programs sponsored by the Navy and Marine Corps over the last 10 years (including Active and Reserve components), *e.g.*, Ultimate Fighting Championship (UFC), NASCAR, or Olympic athletes. For each item on the list, please provide the Navy or Marine Corps component sponsoring the item, the name of the companies or firms party to the applicable sponsorship contract, the contract number and task order, the date of the contract award, the original contract ceiling, the contract type, the amount that has been disbursed to date, and a short description of the requirements of the contract or sponsorship. Please use the enclosed spreadsheet to provide your response;
- (8) A list of all Navy and Marine Corps marketing contracts with a ceiling of \$1 million or more for the last ten years. For each item on the list, please provide the name of the contractor, the contract number, the date of the contract award, the original contract ceiling, the contract type, the amount that has been disbursed to date, and a short description of the requirements of the contract. Please use the enclosed spreadsheet to provide your response;
- (9) Any audits, investigations or reports related to items (7) or (8);
- (10) A briefing by the appropriate Navy and Marine Corps offices regarding their marketing programs, including sponsorships, recruiting promotions, presentation and recognition items, and conferences.

I request that you provide these documents, information and briefings as soon as possible, but by **no later than April 24, 2014**. Because some of the information requested may be

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sensitive, I assure you that the Subcommittee will work with you to ensure that the information provided to the Subcommittee does not compromise any ongoing investigations.

I appreciate your assistance. Please contact Jackson Eaton with the Subcommittee at (202) 224-6579 with any questions. Please send any official correspondence relating to this request to Kelsey_Stroud@hsgac.senate.gov.

Sincerely,



Claire McCaskill
Chairman
Subcommittee on Financial and Contracting
Oversight

cc: Ron Johnson
Ranking Member
Subcommittee on Financial and Contracting Oversight